

SENATE BILL NO. 3003

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - THIRD SPECIAL SESSION

BY SENATORS BEGICH, Gray-Jackson

Introduced: 9/1/21

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska permanent fund; relating to the sustainable dividend and**
2 **power cost equalization accounts in the Alaska permanent fund; relating to the power**
3 **cost equalization endowment fund; relating to the dividend fund; relating to dividends**
4 **for state residents; relating to the use of certain state income; and providing for an**
5 **effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 *** Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
8 to read:

9 LEGISLATIVE INTENT. It is the intent of the legislature to set the amount of each
10 permanent fund dividend to be distributed in 2021 and 2022 at \$1,000 for each eligible
11 individual.

12 *** Sec. 2.** AS 37.13.140(b) is amended to read:

13 (b) The corporation shall determine the amount available for appropriation

each year from the permanent fund. The amount available for appropriation from the permanent fund is 4.5 [FIVE] percent of the average market value of the permanent fund for the [FIRST FIVE OF THE] preceding five [SIX] fiscal years, excluding [INCLUDING] the fiscal year just ended, computed annually for each fiscal year in accordance with generally accepted accounting principles. In this subsection, "average market value of the permanent fund" includes the balance of the sustainable dividend and power cost equalization accounts [EARNINGS RESERVE ACCOUNT ESTABLISHED UNDER AS 37.13.145,] but does not include that portion of the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District).

* **Sec. 3.** AS 37.13.140 is amended by adding new subsections to read:

(c) The corporation shall determine the amount available for appropriation from the sustainable dividend account each year. The amount available for appropriation is five percent of the average market value of the sustainable dividend account for the first five of the preceding six fiscal years, excluding the fiscal year just ended, computed annually for each fiscal year in accordance with generally accepted accounting principles.

(d) The corporation shall determine the amount available for appropriation from the power cost equalization account each year. The amount available for appropriation is five percent of the average market value of the power cost equalization account for the first five of the preceding six fiscal years, excluding the fiscal year just ended, computed annually for each fiscal year in accordance with generally accepted accounting principles.

* **Sec. 4.** AS 37.13.145(b) is amended to read:

(b) Each [AT THE END OF EACH] fiscal year, the legislature may appropriate the amount available for appropriation, as determined under AS 37.13.140(b), [CORPORATION SHALL TRANSFER] from the earnings reserve account as follows:

(1) 25 percent to the dividend fund established under AS 43.23.045;

and

(2) 75 percent to the general fund [, 50 PERCENT OF THE

1 INCOME AVAILABLE FOR DISTRIBUTION UNDER AS 37.13.140].

2 * **Sec. 5.** AS 37.13.145(d) is amended to read:

3 (d) **Money** [NOTWITHSTANDING (b) OF THIS SECTION, INCOME
4 EARNED ON MONEY] awarded in or received as a result of State v. Amerada Hess,
5 et al., 1JU-77-847 Civ. (Superior Court, First Judicial District), including settlement,
6 summary judgment, or adjustment to a royalty-in-kind contract that is tied to the
7 outcome of this case, **and** [OR] interest **or income** earned on the money, [OR ON
8 THE EARNINGS OF THE MONEY] shall be treated in the same manner as other
9 income of the Alaska permanent fund, except that it is not available for
10 [DISTRIBUTION TO THE DIVIDEND FUND, FOR TRANSFERS TO THE
11 PRINCIPAL UNDER (c) OF THIS SECTION, OR FOR AN] appropriation under **(g)**
12 [(e)] of this section, and shall be annually deposited into the Alaska capital income
13 fund (AS 37.05.565).

14 * **Sec. 6.** AS 37.13.145 is amended by adding a new subsection to read:

15 (g) Each year, the legislature may appropriate up to 4.5 percent of the average
16 market value of the permanent fund, as determined under AS 37.13.140(b), to the
17 general fund. Money appropriated under this subsection may not be drawn from the
18 sustainable dividend or power cost equalization accounts in the permanent fund.

19 * **Sec. 7.** AS 37.13 is amended by adding new sections to read:

20 **Sec. 37.13.147. Disposition of the sustainable dividend account.** Each fiscal
21 year, the legislature shall appropriate the amount available for appropriation from the
22 sustainable dividend account as determined under AS 37.13.140(c) for the payment of
23 dividends to residents of the state. The legislature may appropriate this amount to the
24 dividend fund established under AS 43.23.045. Money appropriated under this section
25 may be drawn only from the sustainable dividend account in the permanent fund.

26 **Sec. 37.13.148. Disposition of the power cost equalization account.** Each
27 fiscal year, the legislature shall appropriate the amount available for appropriation
28 from the power cost equalization account as determined under AS 37.13.140(d) for the
29 payment of energy subsidies to rural communities in the state. Money appropriated
30 under this section may be drawn only from the power cost equalization account in the
31 permanent fund. The legislature may appropriate this amount to the power cost

1 equalization and rural electric capitalization fund established under AS 42.45.100.

2 * **Sec. 8.** AS 37.13.300(c) is amended to read:

3 (c) Net income from the mental health trust fund may not be included in the
4 computation of the [NET INCOME OR] market value available for [DISTRIBUTION
5 OR] appropriation under AS 37.13.140.

6 * **Sec. 9.** AS 37.14.031(c) is amended to read:

7 (c) The net income of the fund shall be determined by the Alaska Permanent
8 Fund Corporation annually as of the last day of the fiscal year in accordance with
9 generally accepted accounting principles, excluding any unrealized gains or losses
10 [IN THE SAME MANNER THE CORPORATION DETERMINES THE NET
11 INCOME OF THE ALASKA PERMANENT FUND UNDER AS 37.13.140].

12 * **Sec. 10.** AS 42.45.085(a) is amended to read:

13 (a) The [FIVE PERCENT OF THE] amount appropriated from the power
14 cost equalization account of the Alaska permanent fund [DETERMINED BY THE
15 COMMISSIONER OF REVENUE ON JULY 1 OF] each year under AS 37.13.148
16 [AS 42.45.080(c)(1)] may be appropriated for the following purposes:

17 (1) funding the power cost equalization and rural electric capitalization
18 fund (AS 42.45.100);

19 (2) reimbursement to the Department of Revenue for the costs of
20 establishing and managing the power cost equalization account [FUND]; and

21 (3) reimbursement of other costs of administration of the power cost
22 equalization account [FUND].

23 * **Sec. 11.** AS 42.45.085(c) is amended to read:

24 (c) If the amount appropriated under (a) of this section is insufficient to
25 achieve the purposes of (a)(1) - (3) of this section, the amount may [SHALL] be
26 prorated among the purposes listed in (a)(1) and (2) of this section.

27 * **Sec. 12.** AS 42.45.085(d) is amended to read:

28 (d) If the amount appropriated from the power cost equalization account
29 of the Alaska permanent fund under AS 37.13.148 exceeds [EARNINGS OF THE
30 FUND FOR THE PREVIOUS CLOSED FISCAL YEAR, AS CALCULATED
31 UNDER AS 42.45.080(c)(2), EXCEED] the amount of the appropriations

[APPROPRIATION] under (a) of this section for the current fiscal year, the legislature may appropriate **the amount remaining** [70 PERCENT OF THE DIFFERENCE BETWEEN THE EARNINGS OF THE FUND FOR THE PREVIOUS CLOSED FISCAL YEAR, AS CALCULATED UNDER AS 42.45.080(c)(2), AND THE APPROPRIATION MADE UNDER (a) OF THIS SECTION FOR THE CURRENT FISCAL YEAR] as follows:

(1) if the amount **remaining** [CALCULATED UNDER THIS SUBSECTION] is less than \$30,000,000, that amount to a community revenue sharing or community assistance fund; or

(2) if the amount **remaining** [CALCULATED UNDER THIS SUBSECTION] is \$30,000,000 or more,

(A) \$30,000,000 to a community revenue sharing or community assistance fund; and

(B) the remaining amount, not to exceed \$25,000,000, to the renewable energy grant fund established under AS 42.45.045, to the bulk fuel revolving loan fund established under AS 42.45.250, or for rural power system upgrades or to a combination of the funds or purposes listed in this subparagraph.

* **Sec. 13.** AS 42.45.100(b) is amended to read:

(b) The fund shall be administered by the authority as a fund distinct from the other funds of the authority. The fund is composed of

(1) money appropriated to provide power cost equalization to eligible electric utilities and to provide grants for utility improvements;

(2) money appropriated from the National Petroleum Reserve - Alaska special revenue fund under AS 37.05.530(g);

(3) money appropriated from the power cost equalization **account of the Alaska permanent fund** [ENDOWMENT FUND (AS 42.45.070)] under **AS 37.13.148** [AS 42.45.085(a)];

(4) gifts, bequests, contributions from other sources, and federal money; and

(5) interest earned on the fund balance.

1 * **Sec. 14.** AS 42.45.100(c) is amended to read:

2 (c) The fund is not a dedicated fund, except that amounts deposited into the
 3 fund from the Alaska permanent fund must be used for the payment of energy
 4 subsidies and capital improvements to energy infrastructure to rural
 5 communities in the state and for community assistance payments and renewable
 6 energy projects in the state, in conformance with art. IX, sec. 15(d), Constitution
 7 of the State of Alaska.

8 * **Sec. 15.** AS 42.45.170(a) is amended to read:

9 (a) An electric utility that is not subject to rate regulation by the Regulatory
 10 Commission of Alaska under AS 42.05 may receive power cost equalization if the
 11 utility is otherwise eligible for equalization assistance under AS 42.45.100 - 42.45.150
 12 and if the utility

13 (1) files with the commission financial data necessary to determine the
 14 power cost equalization per kilowatt-hour as prescribed by the commission and that is
 15 in compliance with AS 42.45.100 - 42.45.150;

16 (2) reports monthly to the authority, within the time and in the form
 17 required, the information required in (b) of this section;

18 (3) sets rates

19 (A) that consider the power cost equalization provided under
 20 AS 42.45.100 - 42.45.150 by subtracting from its revenue requirements for
 21 electric services the power cost equalization per kilowatt-hour that it is eligible
 22 to receive; and

23 (B) under which the power cost equalization provided in
 24 AS 42.45.100 and 42.45.110 [AS 42.45.070 - 42.45.110] is applied as a credit
 25 only against the cost of kilowatt-hours eligible for equalization assistance
 26 under AS 42.45.100 - 42.45.150 that are consumed by each customer in any
 27 month;

28 (4) allows audits that the commission determines are necessary to
 29 ensure compliance with this section; and

30 (5) furnishes its electric service customers eligible under this program
 31 a notice as specified in AS 42.45.120.

1 * **Sec. 16.** AS 43.23.025(a) is amended to read:

2 (a) By October 1 of each year, the commissioner shall determine the value of
3 each permanent fund dividend for that year, as modified under (c) of this section as
4 necessary, by

5 (1) determining the total amount available for dividend payments,
6 which equals

7 (A) the amount appropriated [OF INCOME OF THE
8 ALASKA PERMANENT FUND TRANSFERRED] to the dividend fund
9 established under AS 43.23.045 [AS 37.13.145(b)] during the current year;

10 (B) plus the unexpended and unobligated balances of prior
11 fiscal year appropriations that lapse into the dividend fund under
12 AS 43.23.045(d);

13 (C) less the amount necessary to pay prior year dividends from
14 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
15 43.23.055(3) and (7);

16 (D) less the amount necessary to pay dividends from the
17 dividend fund due to eligible applicants who, as determined by the department,
18 filed for a previous year's dividend by the filing deadline but who were not
19 included in a previous year's dividend computation;

20 (E) less appropriations from the dividend fund during the
21 current year, including amounts to pay costs of administering the dividend
22 program and the hold harmless provisions of AS 43.23.240;

23 (2) determining the number of individuals eligible to receive a
24 dividend payment for the current year and the number of estates and successors
25 eligible to receive a dividend payment for the current year under AS 43.23.005(h); and

26 (3) dividing the amount determined under (1) of this subsection by the
27 amount determined under (2) of this subsection.

28 * **Sec. 17.** AS 43.23.025 is amended by adding a new subsection to read:

29 (c) If the commissioner determines that the amount of the dividend under (a)
30 of this section is less than \$1,200 for each individual, the legislature shall appropriate
31 the additional amount necessary to provide at least a \$1,200 dividend for each

individual. If an appropriation is made under this subsection, the commissioner shall recalculate the value of each permanent fund dividend under (a) of this section by including the amount of the additional appropriation in (a)(1)(A) of this section.

* **Sec. 18.** AS 43.23.028(a) is amended to read:

(a) By October 1 of each year, the commissioner shall give public notice of the value of each permanent fund dividend for that year and notice of the information required to be disclosed under (3) of this subsection. In addition, the stub attached to each individual dividend disbursement advice must

(1) disclose the amount of each dividend attributable to

(A) [INCOME EARNED BY] the sustainable dividend account, as [PERMANENT FUND FROM DEPOSITS TO THAT FUND] required under art. IX, sec. 15(c) [15], Constitution of the State of Alaska; and

(B) additional legislative appropriations required by art. IX, sec. 18, Constitution of the State of Alaska;

(2) [DISCLOSE THE AMOUNT OF EACH DIVIDEND ATTRIBUTABLE TO INCOME EARNED BY THE PERMANENT FUND FROM APPROPRIATIONS TO THAT FUND AND FROM AMOUNTS ADDED TO THAT FUND TO OFFSET THE EFFECTS OF INFLATION;

(3)] disclose the amount by which each dividend has been reduced due to each appropriation from the dividend fund, including amounts to pay the costs of administering the dividend program and the hold harmless provisions of AS 43.23.240;

(3) [(4)] include a statement that an individual is not eligible for a dividend when

(A) during the qualifying year, the individual was convicted of a felony;

(B) during all or part of the qualifying year, the individual was incarcerated as a result of the conviction of a

(i) felony; or

(ii) misdemeanor if the individual has been convicted of a prior felony or two or more prior misdemeanors;

1 (4) [(5)] include a statement that the legislative purpose for making
 2 individuals listed under (3) [(4)] of this subsection ineligible is to

3 (A) provide funds for services for and payments to crime
 4 victims and operating costs of the Violent Crimes Compensation Board;

5 (B) provide funds to pay restitution owed to crime victims;

6 (C) provide funds for grants to nonprofit organizations for
 7 services for crime victims and for mental health services and substance abuse
 8 treatment for offenders;

9 (D) provide funds for the office of victims' rights;

10 (E) provide funds to the Council on Domestic Violence and
 11 Sexual Assault for grants for the operation of domestic violence and sexual
 12 assault programs; and

13 (F) obtain reimbursement for some of the costs imposed on the
 14 Department of Corrections related to incarceration or probation of those
 15 individuals;

16 (5) [(6)] disclose the total amount that would have been paid during the
 17 previous fiscal year to individuals who were ineligible to receive dividends under
 18 AS 43.23.005(d) if they had been eligible;

19 (6) [(7)] disclose the total amount transferred or appropriated for the
 20 current fiscal year under AS 43.23.048 for each of the accounts, funds, and agencies
 21 listed in AS 43.23.048.

22 * **Sec. 19.** AS 37.13.140(a), 37.13.145(a), 37.13.145(b), 37.13.145(c), 37.13.145(e),
 23 37.13.145(f); AS 42.45.070, 42.45.080, 42.45.085(b), and 42.45.099 are repealed.

24 * **Sec. 20.** The uncoded law of the State of Alaska is amended by adding a new section to
 25 read:

26 CALCULATION OF VALUE OF SUSTAINABLE DIVIDEND AND POWER
 27 COST EQUALIZATION ACCOUNTS IN THE ALASKA PERMANENT FUND. (a) For
 28 purposes of art. IX, sec. 15(c), and art. XV, sec. 30(e), Constitution of the State of Alaska, the
 29 average market value of the sustainable dividend account for fiscal years 2023, 2022, 2021,
 30 2020, 2019, 2018, and 2017 is the sustainable dividend fund fraction multiplied by the fiscal
 31 year end value of the earnings reserve account for the applicable fiscal year. The sustainable

dividend fund fraction is the value of the amount appropriated to the sustainable dividend fund under art. XV, sec. 30(a), Constitution of the State of Alaska, divided by the value of the earnings reserve account immediately before the appropriation under art. XV, sec. 30(a), Constitution of the State of Alaska.

(b) For purposes of art. IX, sec. 15(d), and art. XV, sec. 30(e), Constitution of the State of Alaska, the average market value of the power cost equalization account for fiscal years 2023, 2022, 2021, 2020, 2019, 2018, and 2017 is the fiscal year end value of the power cost equalization endowment fund (former AS 42.45.070) for the applicable fiscal year.

* **Sec. 21.** The uncoded law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT. (a) Sections 2, 3, and 5 - 20 of this Act take effect only if, before January 1, 2023, the voters approve an enabling resolution.

(b) Section 4 of this Act takes effect only if, before January 1, 2023, the voters have not approved an enabling resolution.

(c) In this section, "enabling resolution" means a resolution that amends the constitution that

(1) creates a sustainable dividend account in art. IX, sec. 15, Constitution of the State of Alaska;

(2) requires certain funds to be deposited into the Alaska permanent fund and the sustainable dividend account (art. IX, sec. 15, Constitution of the State of Alaska);

(3) requires appropriations from the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska) to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska);

(4) requires the legislature to appropriate certain amounts for dividends and guarantees a certain amount for dividends to state residents; and

(5) provides that the unencumbered balance of the earnings reserve account established by law shall be deposited in the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska) and become part of the principal of the fund.

* **Sec. 22.** If, under sec. 21(a) of this Act, secs. 2, 3, and 5 - 20 of this Act take effect, they take effect July 1, 2023.

* **Sec. 23.** If, under sec. 21(b) of this Act, sec. 4 of this Act takes effect, it takes effect

1 July 1, 2023.

2 * **Sec. 24.** Except as provided in secs. 22 and 23 of this Act, this Act takes effect
3 immediately under AS 01.10.070(c).